United Nations S/2010/208

Security Council

Distr.: General
4 May 2010

Original: English

Letter dated 29 April 2010 from the President of the Governing Council of the United Nations Compensation Commission addressed to the President of the Security Council

I am pleased to provide my report as the President of the Governing Council on the results of the Governing Council's sixty-ninth session, which was held in Geneva from 27 to 29 April 2010.

During the opening plenary meeting, delegations of Kuwait and Iraq addressed the Council. The Council also considered a report from the Executive Head on the activities of the Commission since the previous session.

With regard to the consultations between Iraq and Kuwait under the auspices of the United Nations Compensation Commission on the unpaid balance of approximately $22.9 billion that remains owing to Kuwait following a payment being made today, the Council reiterated the paramount importance of a resolution on this issue and expressed its strong interest in seeing the consultations resume as soon as possible. The Council also reiterated its readiness to provide experts and technical assistance to help achieve real progress on this issue. The Council also requested that the Executive Head convey the Council's views to the Governments of Iraq and Kuwait and to continue his efforts towards moving the consultations forward.

On the ongoing issue of the shortfall to the Compensation Fund as a result of barter transactions and oil proceeds being deposited into accounts other than the oil proceeds receipts account, the Council directed that the Secretariat continue to follow up with the Controller emphasizing the importance the Governing Council attaches to the resolution of the shortfall. With regards to the arrangements for ensuring that payments are made to the Compensation Fund, the Council noted that in the Secretary-General's first quarterly report under Security Council resolution 1905 (2009), which extended the Development Fund for Iraq and the mandate of the International Advisory and Monitoring Board of Iraq for a further year, the need to maintain the present mechanism or to establish an alternative, equally effective mechanism was highlighted.

As the issue of arrangements is of great importance for the Compensation Commission, the Secretariat will continue to follow up with the Controller and the President of the Iraq Supreme Board of Audit and head of the Iraq Committee of Financial Experts. In addition, the Council will continue its consideration of this issue in the coming months to ensure that effective arrangements remain in place.

With respect to the follow-up programme for environmental awards established pursuant to Governing Council decision 258 (2005) to monitor the financial and technical implementation of environmental projects being undertaken by the Islamic Republic of Iran, Jordan, Kuwait and Saudi Arabia with funds awarded under the F4 category of claims, the Council heard a briefing by the Secretariat on the status of the

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programme in respect of each of the participating Governments and considered the question of possible options for the future of the programme.

The Council recalled its responsibilities under paragraph 29 of the guidelines appended to decision 258 and requested more streamlined reports from the national focal points and independent reviewers in future. It also requested that in bringing national focal point requests for authorization to release funds from the special accounts under decision 266 to the Council, the Secretariat and independent reviewers provide a clear assessment and recommendation on which the Council can rely in making such authorization. The Council also took note of reports from the national focal points and independent reviewers of Jordan, Kuwait and Saudi Arabia and authorized the release of funds from their respective special accounts established for funds withheld under decisions 258 and 266 as appropriate.

With respect to future options for the programme, the Council considered the report of the panel of experts which had been convened pursuant to the direction of the Council at its sixty-seventh session, and thanked the panel for it. Recognizing that in order to fulfil the mandate of the programme, it will not be necessary for the Compensation Commission's monitoring of environmental awards to continue until the physical end of the projects, and that it should be possible for the purpose and goals of the programme to be fulfilled in the near term, the Council established an intersessional, open-ended working group for the purpose of exploring this possibility and undertaking further study of options, with the first meeting to be held by mid-June 2010.

With respect to submitting entities that remain non-compliant with the requirements to submit distribution reports and audit certificates pursuant to decisions 18 and 48 of the Council and audit certificates pursuant to a decision taken by the Governing Council at its forty-ninth session in September 2003, the Secretariat has been directed to inform non-compliant submitting entities that reports and certificates or a satisfactory explanation for non-compliance should be provided by the next session, failing which they will be requested to attend the next Council session to further discuss the issue. The Secretariat will continue to report on payment issues at future sessions.

With respect to the audit of Compensation Commission activities, the Council took note that the final management letter of the Board of Auditors on the review of the interim accounts for the period to 31 December 2008 confirmed that the Compensation Commission had no outstanding recommendations. The Secretariat will continue to update the Council on audit activities at future sessions.

The Council was informed by the Secretariat that pursuant to decision 267, a payment of $590 million was being made on 29 April 2010 to the nine remaining successful claimants (in the corporate and Government claims categories), all awarded to Kuwait. The overall amount of compensation made available to date by the United Nations Compensation Commission is approximately $29.5 billion, with a total outstanding balance of approximately $22.9 billion remaining to be paid.

The Council decided to hold its next regular session from 9 to 11 November 2010.

(*Signed*) Christian **Strohal**
President of the Governing Council